

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF KREKE CONSTRUCTION)	
AND DEVELOPMENT CORPORATION, A KENTUCKY)	
CORPORATION, FOR A CERTIFICATE OF PUBLIC)	CASE NO.
CONVENIENCE AND NECESSITY AND TO TRANSFER)	89-026
THE SEWAGE TREATMENT FACILITY TO BOONE)	
COUNTY WATER AND SEWER DISTRICT)	

O R D E R

Kreke Construction and Development Corporation ("Kreke") filed an application on February 2, 1989 for a Certificate of Public Convenience and Necessity authorizing the construction of a 30,000-gallon per day sewage treatment plant and collection system, and for approval of the transfer of this sewage treatment system to Boone County Water and Sewer District ("Boone County").

The Commission, having reviewed the evidence of record and being sufficiently advised, is of the opinion and finds that:

1. The proposed construction consists of a sewage collection system and a 30,000-gallon per day sewage treatment plan which will provide sewage service for the proposed Verona Commons Subdivision, a subdivision consisting of 83 single-family residential units.

2. The total cost of the proposed construction project is estimated to be \$266,819.62.

3. Natural Resources and Environmental Protection Cabinet has granted preliminary approval of the proposed construction.

4. Public convenience and necessity require that the construction proposed in the application be performed.

5. Kreke has agreed to sell, and Boone County has agreed to purchase, the sewage treatment system for \$1.00. Under the terms of the transfer agreement, this sale will occur upon the completion of the construction of Phase/Section I of the proposed system and issuance of all licenses and permits by the proper agencies of the Commonwealth of Kentucky authorizing operation of Phase/Section I and before service is begun.

6. Boone County employs four persons who maintain and service all of its sewage treatment facilities. Three of these employees are certified as wastewater system operators by the Kentucky Board of Certification of Wastewater System Operators.

7. As of December 31, 1988, Boone County's sewer operations had assets of \$6,175,397.

8. Boone County, as a water district organized under the provisions of KRS Chapter 74, is a political subdivision of the Commonwealth. Louisville Extension Water District v. Diehl Pump & Supply Co., Inc., 246 S.W.2d 585 (Ky., 1952).

9. Boone County has the financial, technical, and managerial abilities to provide reasonable utility service to the residents of the Verona Commons Subdivision.

10. In view of its financial assets and its status as a political subdivision of the Commonwealth, Boone County has sufficient financial integrity to ensure the continuity of sewage service. It need not present a copy of a valid third-party beneficiary agreement guaranteeing the continued operation of the

proposed sewage treatment facility. 807 KAR 5:071, Section 3(1)(a).

IT IS THEREFORE ORDERED that:

1. A Certificate of Public Convenience and Necessity is granted to Kreke to construct the proposed sewage treatment plant and collection system as set forth in drawings and specifications contained in its application.

2. Kreke and Boone County shall furnish duly verified documentation of the total cost of this project including the cost of construction and other capitalized costs (engineering, legal, administrative, etc.) within 60 days of the date that construction is substantially completed. Said construction costs should be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for Sewer Utilities prescribed by the Commission.

3. Kreke and Boone County shall furnish to the Commission a copy of the "as-built" drawings and a signed statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the date of substantial completion of this construction.

4. Any deviations from the construction drawings and specifications herein approved which could adversely affect service to any customer shall be subject to the prior approval of the Commission.

5. The acquisition and transfer of the sewage treatment system by and to Boone County prior to the commencement of its operations is approved.

6. If the proposed transfer of the sewage treatment plant to Boone County has not occurred when service is to begin, Kreke shall promptly advise the Commission of this prior to service beginning.

7. For accounting purposes, Boone County shall consider those facilities constructed and funded by Kreke as contributed property.

Done at Frankfort, Kentucky, this 13th day of June, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director